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DE RUEHVB #0113/01 0271457  
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FM AMEMBASSY ZAGREB  
TO RUEHC/SECSTATE WASHDC PRIORITY 5605  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RUFNGOA/HQ USEUCOM VAIHINGEN GE PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEKJCS/JOINT STAFF WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 04 ZAGREB 000113

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DEPARTMENT FOR EUR/SCE, EUR/RPM  
NSC FOR BRAUN  
DEFENSE FOR OSD/POLICY:WINTERNITZ

E.O. 12958: DECL: 01/27/2015  
TAGS: [NATO](#) [PREL](#) [HR](#)  
SUBJECT: CROATIA ACCELERATING ON NATO-READINESS

REF: SECSTATE 7173

Classified By: Ambassador Ralph Frank, reasons 1.4 (b) & (d)

SUMMARY and COMMENT  
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11. (C/REL NATO) The political and military elite of Croatia believe they are ready to join NATO today. However, government efforts to educate the general public about why NATO is important to Croatia have been slow to get started. The GoC has developed a NATO-membership driven strategic defense policy, even while focusing over the past two years on advancing its EU candidacy. Defense reforms for NATO interoperability have continued despite the ASPA-mandated cut-off of U.S. FMF and IMET programs in 2003. The armed forces are slightly behind their own aggressive MAP-driven reform schedule but accelerating efforts to meet the GoC goal of being NATO-ready by the time the Alliance is ready for them ) widely expected here in 2008. Political and economic reforms )- both NATO and EU-driven -) are deeply entrenched and have moved Croatian society far down the path of resolving remaining issues from the bitter breakup of Yugoslavia.

12. (C/REL NATO) In response to reftel request, post provides this overview of Croatia's preparations to become a full NATO member. In each section, post suggests messages for GoC interlocutors that will help us in our efforts to move Croatia further towards finishing its preparations to become a full, effective, and welcome member in NATO. END SUMMARY and COMMENT.

POLITICALLY READY  
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13. (SBU) Over the past five years, center-left and center-right governments have supported political, economic, and defense reforms to prepare Croatia for NATO membership. Over this same time, Croatia has made significant progress in meeting NATO political criteria. Democracy is well rooted in Croatia with all six rounds of elections since 2000 (two iterations each of presidential, parliamentary, and local) judged generally fair and free of serious irregularities.

14. (C/REL NATO) Rule of law is also considered well-entrenched, although successful reforms of the Police and Prosecutors offices have not yet been fully matched by progress on efforts to reform the judiciary. The December 2005 arrest of ICTY indictee Ante Gotovina was preceded by

two years of improvements in ICTY cooperation and local adjudication of war crimes cases. Preparations are underway to try two Croatian generals, Mirko Norac and Rahim Aдеми, in local courts in the first-ever case transferred to local jurisdiction from the ICTY. Organized crime remains a problem for a law enforcement community inexperienced in such complex cases, but there is little indication that criminals or criminal groups exert significant influence on politicians or political parties.

15. (SBU) Minority rights are protected at the national level, although discrimination and resistance to change in some communities are persistent challenges. The HDZ government has made significant progress on refugee returns based on its December 2003 coalition agreement with Serb partners. International observers such as the OSCE and UNHCR have praised the government's pace of reconstruction of war-damaged housing and return of refugee property. As suggested by the OSCE, UNHCR, and the European Commission, the Government has created a "road map" with the goal of closing the refugee file in 2006. Of the estimated 350,000 people, mostly ethnic Serbs, who were displaced during the war, about 134,000 have returned. A recently completed UNHCR re-registration project concluded that approximately half, or 110,000, of the remaining refugees and internally-displaced persons remain interested in returning to Croatia.

16. (SBU) The GoC has developed largely good relations with its neighbors, including exchanging high-level visits, opening visa-free travel and concluding free trade agreements. Border demarcation remains a sticky issue with Slovenia, likely resolvable only by international arbitration as proposed by Croatia but resisted by Slovenia. Border

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management has been fully demilitarized. Notwithstanding significant U.S. support and EU investment, Croatia's geography will continue to provide a potential target for traffickers in persons, contraband, and possibly, WMD materials and delivery systems. Croatia has made good progress in firming up its export control system and has moved up on the U.S. Trafficking in Persons evaluation from Tier 2 Watch List to Tier 2.

#### Suggested Messages:

- Welcome progress achieved in advancing rule of law, protection of minority rights, refugee return.
- Important that you keep up pace in implementing judicial reform, advancing fight against organized crime, and closing out refugee return issue.

#### ECONOMY GROWING BUT SOME RESOURCES MISALLOCATED

17. (SBU) Although Croatia suffers more than its fair share of mostly self-inflicted economic ills, the market orientation of its economy is firm. The last six years have seen sound monetary policies that have resulted in general macroeconomic stability, with modest inflation and steady, albeit somewhat lackluster GDP growth by transitional economy standards (3.8% in 2005). Nevertheless, with per capita GDP estimated by the World Bank at \$6,590 in 2004, Croatia is wealthier than all but two (Slovenia and Estonia) of our seven newest NATO Allies.

18. (SBU) Like many European countries, Croatia has a negative demographic trend and a huge number of pensioners - approximately 1 for every 1.4 people employed. Combined with a bloated state sector, all of this adds up to tight budgets, as the IMF and others have pushed the government to reduce deficits and borrowing.

19. (C/REL NATO) Defense spending (both in nominal terms and as a percentage of GDP) has declined for three straight

years. However, the downward trend has been reversed in 2006, with Defense spending rising slightly in nominal terms despite tight budgets, and now stands at approximately 1.8% of GDP. President Mesic has publicly supported MoD plans for future budget increases. The MoD is now attempting to leverage the eventual Sabor (parliament) approval of the Long Term Development Plan for the Armed Forces to secure political commitments for obligatory 2% spending beginning in 2010.

¶10. (SBU) With EU membership now on the horizon, Croatia's economic prospects appear to be brightening. However, this will depend on whether or not the government can carry through on reforms to reduce the state's role in the economy and deliver results on measures to streamline bureaucracy and attract needed foreign investment.

#### Suggested Messages:

- Understand you face pressures to set priorities for government expenditures.
- Welcome plans to raise defense spending to 2% of GDP by 2010.
- Urge you to look at ways to meet that objective earlier to enable broader achievement of NATO readiness for your armed forces.

#### DEFENSE CAPABLE BUT PLAYING CATCH UP ON REFORMS

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¶11. (C/REL NATO) The President and Government have approved a Strategic Defense Review (SDR) that builds Croatia's security and defense posture around the premises that: 1) it has no near term threats from its neighbors; 2) it will soon be a full participant in collective defense through NATO; and 3) that the major threats it faces are from terrorism, organized crime, and WMD proliferation. The Ministry of Defense (MoD) had made significant progress in advance of the SDR in reforming and downsizing the Croatian Armed Forces (CAF). A Long Term Development Plan is now being finalized which will

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further resize, restructure, and reequip the CAF.

¶12. (C/REL NATO) Significant progress has been made in reducing the number of personnel on active duty, restructuring forces and decreasing the size of the military infrastructure. The CAF is constantly improving its interoperability with NATO and Partner forces by: 1) stressing English-language capability throughout the officer and senior NCO corps, utilizing its U.S. and UK sponsored language laboratory for small group training and self-study; 2) gaining valuable multilateral operational experience through increasing participation in NATO-led operations and assuming positions in NATO staff structures, while participating in over 474 Partnership events and other bilateral exchanges in 2006; and 3) working diligently on production of SOPs and procedures in compliance with STANAG standards.

¶13. (C/REL NATO) The planned tripling of the HR ISAF contingent in Afghanistan in 2006 demonstrates Croatia's commitment to increased participation in NATO-led Peace Support Operations out of theater. In addition, the MoD is planning and budgeting for further increases in the ISAF contingent in 2007-2010, as well as unit level participation in UN missions around the world. MoD planners are satisfied with the current defense budget and projections for future growth. Consequently, ambitious procurement and production programs are planned for the coming years, including APCs, a replacement air policing capacity, and new naval craft for a coast guard mission.

Suggested Messages:

- Welcome contributions to ISAF and UN PKOs ) you soon will have almost 200 persons deployed worldwide.
- Note to achieve current NATO member average of 6% of armed forces deployed, would need to increase worldwide deployments to 1000 as you finish downsizing.
- Understand the desire to have broad capabilities in air, land & sea operations.
- Should focus your resources on deployability/expeditionary capability.
- Need to plan for transport and sustainment for future operations.

LEGAL: DON'T TOUCH THE CONSTITUTION

114. (C/REL NATO) The GoC is still evaluating the legal implications of NATO membership. The Croatian constitution creates a dual chain of authority over defense and foreign policy. The constitution (article 7) requires parliamentary authorization of military deployments outside of Croatia except for exercises with international defense organizations of which Croatia is a member. In practice, President Mesic has been zealous in defending his prerogatives as commander in chief of the armed forces and sets the terms of debate for most military issues, including deployments. To date, where presidential support is forthcoming, parliamentary authorizations have been routine, except in rare cases where the GoC failed to count votes properly. Opening the constitution to reform would raise issues of Presidential authority. Post suggests that we avoid raising this issue at this time, until the GoC has completed its analysis.

SECURITY/INTEL: NO OBSTACLES

115. (C/REL NATO) The Military Security Agency (known by its Croatian acronym ) VSA) has provided a copy of a draft General Security of Military Information Agreement (GSOMIA) for consideration by the US DoD. It is currently being reviewed in Washington. The Croatian MOD continues to develop the policies and procedures necessary for protection of NATO-classified documents. Post believes the GoC has this issue well in hand and there is no need to raise it at this time.

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PUBLIC SUPPORT: NEED TO FRAME THE DEBATE

116. (SBU) Political parties across the spectrum support Croatia joining NATO. However, most Croatians do not have a good understanding of NATO and consequently do not know why their country should join the Alliance. While polling data can be problematic, recent polls indicate that 30-40 percent of respondents favor Croatia joining NATO. Encouragingly, GoC polling indicates that while support for membership has fluctuated, outright opposition to membership has been stable at around twenty percent. Larger numbers of respondents, up to 60 percent, indicate to pollsters that they do not know very much about NATO or what membership would mean for their country. In a recent poll of 1000 Croatians, more young people between the ages of 18 and 34 (46.8%) supported joining the alliance than did older generations, those between 35 and 55 (38.6%).

117. (C/REL NATO) The GoC has been opportunistic, but not systematic in its efforts to educate the public about NATO membership. The GoC has explained that up to now, without a set entry date it is difficult to build a public awareness

campaign. With the expectation of an invitation in 2008 now discussed in public, the Foreign Ministry has begun to develop a program of action. The military have avoided public education activities out of concerns that advocacy could be perceived as undermining civilian control over the military. Current GoC plans focus on regular high-level events to stimulate public and media interest in the issue. The GoC has also launched a special NATO web page, well fleshed out with NATO background material. The GoC needs to craft and disseminate messages that reach out beyond elite audiences to rebuild grass-roots level support for membership in advance of any short term campaign tied to a referendum or parliamentary vote on membership.

Suggested messages:

- Glad we're able to use my team's visit to raise public awareness on NATO issues. Know Ambassador Frank's team has been working at all levels to explain NATO to average Croatian.
  - Know you do a great job with events aimed at educating Allies about Croatia's preparations for NATO.
  - Is concern in Alliance that public debate in Croatia is dominated by small fraction that misrepresents what the Alliance is and what it means for Croatia.
  - Cannot wait until 2008 to launch public education campaign.
  - Urge you to get started now on broad, grass roots campaign to get facts out in public.
  - Need to build base of support now to show Allies that all of Croatia wants to join.
- FRANK